



# POLICY BRIEF

## All-Payer Claims Database

### Key Provisions for State Legislation

Following two years of study, the Alaska Health Care Commission recommended in its 2013 Annual Report to the governor and legislature that the State of Alaska establish an All-Payer Claims Database (APCD) to support health care price and quality transparency, payment reform, and strengthening the health information infrastructure. Specifically, the Commission recommends:

*"... the Commissioner of the Department of Health & Social Services and the Alaska Legislature immediately proceed with caution to establish an All-Payer Claims Database and take a phased approach. As part of the process:*

- *Address privacy and security concerns*
- *Engage stakeholders in planning and establishing parameters*
- *Establish ground rules for data governance*
- *Ensure appropriate analytical support to turn data into information and support appropriate use*
- *Focus on consumer decision support as a first deliverable*
- *Start with commercial insurer, third-party administrator, Medicaid and Medicare data collection first, then collaborate with other federal payers."*

This policy brief provides background information on All-Payer Claims Databases (APCDs), and guidance on key provisions that should be considered in drafting state legislation required to establish an APCD.

## Background

### *What is an All-Payer Claims Database (APCD)?*

APCDs are data systems that aggregate medical claims data from entities that pay for medical services for the purpose of providing information to improve health care cost, quality, and outcomes.

- ▶ The data is collected from health insurers, third-party administrators for self-insured employer plans, Medicaid, Medicare, and other federal payers.
- ▶ There is no action required of health care providers — an APCD creates no administrative burden for hospitals, clinics, physicians, or other providers of medical services.

APCDs require State legislation to:

1. Specify legislative intent for the system's purpose, and the goals of data collection and use;
2. Provide data collection authority for the responsible state agency, and to require private health insurance companies and third-party administrators operating in the State to submit their paid claims data;
3. Require data privacy and security standards;
4. Establish a governance structure;
5. Ensure stakeholder participation in overseeing "stewardship" of the data — ensuring patient privacy and appropriate and accurate analyses and uses of the data;
6. Provide regulatory authority to implement the law; and,
7. Provide an appropriation for start-up and on-going operations.

Development and use of a statewide APCD is a cutting edge approach to understanding and improving cost and quality of health care in a state, but it is not at the "bleeding edge" at this point.

- ▶ 12 states currently have operational, and six more are in the process of implementing, statewide APCDs. Three additional states have limited regional or voluntary APCDs.
- ▶ National data standards have already been established by a coalition of state APCD programs in consultation with the health insurance industry.
- ▶ Medicare data submission protocols have already been implemented, and the Centers for Medicare and Medicaid Services is now providing Medicare data to APCD States requesting it.

### *How could an APCD benefit Alaskans?*

APCDs provide a valuable tool for patients, employers and other payers, and providers to improve health outcomes and health care cost and quality. Those states that have an APCD apply the data to multiple uses, for example:

- ▶ Price and quality transparency for the public and employers to support increased value and improved outcomes.
- ▶ Utilization and cost analyses for policy makers, employers and other payers.
- ▶ Evaluation of government initiatives and programs.
- ▶ Clinical quality improvement initiatives by and for providers.
- ▶ Understanding population health trends for prevention purposes.

An APCD would provide necessary support for a market-based approach to improving health care cost, quality and access, providing information needed to implement several Core Strategies recommended by the Alaska Health Care Commission, including:

- ▶ Increase Price & Quality Transparency
- ▶ Pay for Value (Payment Reform)
- ▶ Engage & Support Employers
- ▶ Focus on Prevention
- ▶ Build the Foundation of a Sustainable Health Care System

*What concerns might policy makers, health care providers, and patients have?*

Potential Concerns	Solutions
Data privacy and security	<ul style="list-style-type: none"> <li>Require rules and monitoring regarding system security</li> <li>Require rules regarding patient privacy protections, including data release policies to prohibit release of names and addresses, and reporting restrictions such as establishing a minimum number of incidents or observations for reporting within a geographic area, exclusion of zip codes, etc.</li> </ul>
Inappropriate use of data	<ul style="list-style-type: none"> <li>Legislate penalties for inappropriate use or release of data, such as currently exists in Alaska's public health laws.</li> </ul>
Incorrect analyses of data	<ul style="list-style-type: none"> <li>Require rigorous formal data use application processes, including qualifications of research team, project purpose, etc.</li> </ul>
Unfair treatment of providers based on data	<ul style="list-style-type: none"> <li>Require collaborative process between APCD system administrators and providers to develop a Reporting Plan, including reporting principles</li> </ul>
Data vs. Information	<ul style="list-style-type: none"> <li>Require annual report to legislature on core health and health care metrics using the data, and on progress towards goals stated in the legislation.</li> </ul>
"Sticker Shock"	<ul style="list-style-type: none"> <li>Other States spend approximately \$750K on one-time start-up and \$545K - \$900K on annual operating expenses.</li> <li>Funding sources in addition to State general funds other States have used to support start-up costs and partial operational support include: Federal Medicaid administrative match funds and other federal grant sources; sale of de-identified data to researchers; and private funding from business coalitions interested in better understanding cost and utilization in their regions.</li> <li>Weigh the cost of the APCD system against potential savings of State health care expenditures to determine an estimate of the Return-on-Investment.</li> </ul>

# Key Provisions for State Legislation

## I. Establish the organizational home for the APCD program

- A. Locate the program in the Alaska Department of Health & Social Services (DHSS) due to the department's experience and capacity to protect personal health information, maintain health data systems, and conduct health care analytics.
- B. Placement options within the DHSS's statutory framework include:
  - Embedding within AS 18.15.360 – 18.15.365 Public Health Data Collection Authority, Use, and Security; or,
  - Adjacent to or embedding within AS 18.23.300 Electronic Health Information Exchange.
- C. Require collaboration with DHSS by the Department of Commerce, Community & Economic Development, especially regarding enforcement of the data submission requirement for private insurance market and third-party administrators by the Division of Insurance.

## II. Articulate the APCD's purpose, and goals of data collection and use

Suggested finding, purpose, and goal statements:

- A. Finding
  - Effective health care data analysis and reporting is essential to improving the quality and efficiency of health care, fostering competition among health care providers, and increasing consumer and referring clinician choice with regard to health care services in the State.
- B. APCD Purpose
  - To facilitate data-driven, evidence-based improvements in quality, affordability, and access of health care, and to promote and protect the health of all Alaskans through understanding of disease and injury trends in the population.
- C. APCD Goals
  - Facilitate understanding of health care expenditure patterns and operation and performance of the health care system for policy makers, employers, and other payers;
  - Provide information for health care providers to facilitate provider-led clinical quality improvement efforts;
  - Provide information for the public on price and quality of health care services available in the state;
  - Provide data for providers and payers to support design and evaluation of alternative health care payment and delivery models;
  - Provide data for evaluation of publicly-funded health care and public health initiatives and programs; and,
  - Provide data that can be used to improve detection of public health threats and analysis of trends in population health status.

### III. Specify data collection authority including entities required to submit data, collaboration with federal payers, and data standards

- A. Entities required to report paid medical claims data to the Alaska APCD should include:
  - Commercial health insurers, i.e., issuers of individual or group health insurance policies providing hospital, medical and surgical, or major medical coverage; and corporations providing individual or group accident and sickness subscription contracts.
    - Determined by the volume of business in Alaska (through regulation)
  - Third-party administrators and any other entities that receive or collect charges, contributions, or premiums for, or adjust or settle health care claims for, Alaska residents.
    - Determined by the number of covered members in a plan (through regulation)
  - The Division of Health Care Services in the Department of Health & Social Services with respect to services provided under the State Medicaid program.
  - The Department of Administration with respect to claims paid by third-party administrators for employee and retiree health plans.
- B. Direct the Alaska APCD to collaborate with federal payers to incorporate paid medical claims for services rendered in Alaska from federal funding sources. Specifically, direct the Alaska APCD to:
  - Use the protocols established by the Centers for Medicare and Medicaid Services in the U.S. Department of Health & Human Services to request and include Medicare paid medical claims data in the Alaska APCD.
  - Collaborate with the U.S. Office of Personnel Management to require submission of claims data from third-party administrators of federal employee health plans.
  - Collaborate with the U.S. Department of Veterans Affairs to collect data related to medical services provided through VA benefits.
  - Collaborate with the U.S. Indian Health Service and the Alaska Tribal Health System to collect data related to medical services provided with federal IHS funds.
  - Collaborate with the U.S. Department of Defense to collect data from TRICARE and other payers for health care services in Alaska for active duty and retired military.
- C. Require use of existing national data collection standards and methods, including the electronic Uniform Medical Claims Payer Reporting Standard, as adopted by the Accredited Standards Committee X 12 (ASC X12), to establish and maintain the database in a cost-effective manner and to facilitate uniformity among various All-Payer Claims Databases of other states and specification of data fields to be included in the submitted claims.

### IV. Create the governance structure

- A. Operational responsibility should be assigned to DHSS as the agency with the experience and capacity to protect personal health information, maintain health data systems, and conduct health care analytics.
- B. Create a Stakeholder Advisory Committee to assist in the formation and operation of the APCD. The Advisory Committee should include health care stakeholders (providers, payers, consumers), individuals with expertise in health care performance reporting and measurement, individuals with expertise in public health analysis of population health status and trends, and individuals with expertise in the protection of patient and community confidentiality in health data analytics and reporting.

- C. Provide DHSS with the optional authorities to:
  - House the APCD in the Health Information Exchange entity;
  - Contract with outside entities for the health data collection and maintenance function; and,
  - Contract with outside entities for the health analytics and reporting function.

## **V. Provide for data privacy and security**

- A. Use the state public health data privacy and security provisions outlined in AS 18.15.360-365 or AS 18.23.300.
- B. Include reference to federal laws that also protect patient confidentiality, including:
  - Health Insurance Portability and Accountability Act (42 U.S.C. 1320d et seq., as amended);
  - Titles XIX and XXI of the Social Security Act;
  - 32.1-127.01:3;
  - Chapter 6 ( 38.2-600 et seq.) of Title 38.2; and, the Health Information Technology for Economic and Clinical Health (HITECH) Act, as included in the American Recovery and Reinvestment Act (P.L. 111-5, 123 Stat. 115).
- C. Require that information acquired pursuant to this chapter shall be confidential and shall be exempt from disclosure by the Alaska Freedom of Information Act.
- D. Require DHSS to establish rules and monitoring systems to ensure data system security.
- E. Require DHSS to establish rules regarding protection of patient and community privacy, including:
  - Data release policies to prohibit release of names and addresses; and
  - Reporting restrictions such as establishing a minimum number of incidents or observations for reporting within a geographic area, and exclusion of zip codes.

## **VI. Provide for appropriate use and reporting of data**

- A. Direct the Stakeholder Advisory Committee to provide guidance on policies and standards to ensure the accuracy of data and analyses, and to ensure appropriate use and responsible reporting of APCD data.
- B. Require a collaborative process between the APCD program and the Stakeholder Advisory Committee to develop a reporting plan.
- C. Require rigorous formal data use application processes, including qualifications of research team, project purpose, etc.
- D. Impose penalties for inappropriate use or release of data.
- E. Require annual report to the legislature on core health and health care metrics using the data, and on progress towards achieving the goals of this legislation.

## **VII. Allow for the imposition of fees, but protect provider access for data verification**

- A. Allow collection of fees from those who voluntarily subscribe to approved access to the database for research and analysis purposes.
- B. Prohibit charging fees to providers and insurers for access to the database for data verification purposes.

## **VIII. Provide regulatory authority**

- A. Provide the Department of Health & Social Services and the Department of Commerce, Community & Economic Development with the regulatory authority to implement the provisions of this statute.